UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

CONSORZIO DEL PROSCIUTTO DI	)	
SAN DANIELE,	)	
Plaintiff,	)	
	)	C.A. No. 07-039ML
v.	)	
	)	
DANIELE, INC.,	)	
Defendant.	)	

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFF'S OBJECTION
TO DEFENDANT'S AMENDED MOTION TO STAY DISCOVERY

Defendant Daniele, Inc. ("Daniele") has moved to stay discovery on Counts II and III and to have an expedited hearing on Count I of the complaint of Plaintiff Consorzio del Prosciutto di San Daniele ("Consorzio"). Its motion amounts to a motion to separate (bifurcate) Count I (breach of the settlement agreement) from Counts II (false designation of origin) and III (unfair competition). Under the law relating to bifurcation, Daniele bears the burden of proving that bifurcation will serve judicial economy and will not prejudice any party.

Daniele has not met this burden. Bifurcation is not necessary in a relatively uncomplicated case such as this. Moreover, the facts underlying all three counts in the Complaint are the same. Therefore, bifurcation will not promote efficiency. In a single proceeding, if Plaintiff does not prevail on Count I, there will have been no unnecessary discovery or trial of facts. If, instead, Plaintiff prevails on Count I, bifurcation would require it to take discovery and present the same evidence again in a second trial. Such duplication would result in unnecessary waste of the Court's and the parties' resources and delay of a complete resolution of this case.

The Court should therefore deny bifurcation. The Court also should not stay discovery on Counts II and III because such a stay would only increase the time and cost of discovery without producing any benefits. Instead, the Court should allow the parties to proceed with discovery and trial on all counts of the Consorzio's complaint.

FACTUAL BACKGROUND

In its Complaint in this case, the Consorzio asserted that:

(1) Daniele failed to adopt a trademark for its prosciutto different from "Daniele" as required by paragraph 5 of the settlement agreement;

(2) Daniele's packages and labels did not meet the size requirement for its "Daniele, Inc." trade name as set out in paragraph 6 of the agreement;

(3) Daniele did not indicate that its goods are made in the United States, as required by paragraph 7 of the agreement;

(4) Daniele used the "Daniele" mark and its old labels well beyond the dates established in paragraph 8 of the agreement; and

(5) Daniele has not endeavored to avoid confusion between its trade name and San Daniele, as required by paragraph 10 of the agreement.

In Count I of the Complaint, based on these facts, the Consorzio alleged that Daniele was in breach of the settlement agreement. The Consorzio expects to rely on all of these breaches in the trial of Count I.[1]

In Count II of the Complaint, based on the same facts, the Consorzio alleged that Daniele's actions constituted false designation of origin under U.S. law.

---

[1] Daniele thus is incorrect in asserting (Mem. 1-2) that the only issue to be tried on Count I is whether the names that Daniele uses on its prosciutto products are descriptive or suggestive.

In Count III of the Complaint, again based on the same facts, the Consorzio alleged that Daniele's actions also constituted infringement of the Consorzio's U.S. certification mark.

On May 2, 2007, the Consorzio served its first written discovery requests to Daniele, including interrogatories and requests for document production. On May 10, 2007, the Court, at Daniele's request and over the Consorzio's objection, stayed discovery until the Court ruled on cross-motions for summary judgment as to the meaning of paragraph 5 of the settlement agreement.

On December 13, 2007, the Court denied the Consorzio's motion, holding that paragraph 5 of the settlement agreement does not as a matter of law require Daniele to use a single trademark for its line of prosciutto. The Court did not rule on Daniele's cross-motion that paragraph 5 unambiguously does not impose such a requirement, because Daniele withdrew the motion at the hearing. Therefore, the issue remains open whether paragraph 5, in light of the parties' negotiations and circumstances at the time of the settlement agreement, requires Daniele to use a trademark for its line of prosciutto.

On December 13, 2007, the Court issued a pretrial scheduling order, with discovery to be completed by June 13, 2008. Following this order, the Consorzio notified Daniele that its responses to the Consorzio's first interrogatories and document requests were due January 12, 2008. On January 10, 2008, Daniele served on the Consorzio objections to the Consorzio's discovery requests. To date, with the exception of a few interrogatories, Daniele has not provided any substantive response to the Consorzio's discovery requests. Daniele has relied, in part, on its bifurcation motion as a ground not to provide substantive responses even to discovery requests to which it has not objected.

On January 9, 2008, Daniele filed its motion to stay proceedings on Counts II and III, to expedite a hearing on Count I and to expedite a hearing on its motion. Daniele then realized that its request for an expedited hearing on its motion and its failure to support the motion with a memorandum of law relied on a non-existent Local Rule 7.2. On January 22, 2008, Daniele therefore filed an amended motion to stay discovery and to hold an expedited hearing on Count I.

ARGUMENT

Daniele has labeled its motion as seeking only a stay of discovery on Counts II and III. In fact, it is requesting that Count I be tried separately from Counts II and III. Mtn., pp. 1-2. As we now show, Daniele has not carried its burden of showing that Count I should be separated from Counts II and III or that the Court should stay discovery on the latter counts.

I. The Court Should Not Bifurcate Count I from Counts II and III

A court's authority to order separate trials (also known as bifurcation) is governed by Rule 42, which Daniele does not address. It cites only decisions on whether a case may be stayed pending the resolution of other cases, which are inapposite to its motion.

Rule 42(b) provides that a court may order a separate trial of "one or more separate claims" "[f]or convenience, to avoid prejudice, or to expedite and economize …." The decision to bifurcate is within the district court's discretion. *Gonzalez-Marin v. Equitable Life Ass. Society*, 845 F.2d 1140, 1145 (1st Cir. 1988). Courts consider the following factors: (1) whether bifurcation will expedite disposition of the action; (2) whether bifurcation will conserve trial time and other judicial resources; (3) whether bifurcation will be likely to avoid prejudice to any party at trial that may occur in the absence of bifurcation; and (4) whether the issues are essentially independent of each other so that there will be no need to duplicate the presentation of significant areas of the evidence in the bifurcated proceedings. *Thorndike v. DaimlerChrsyler Corp.*, 220 F.R.D. 6, 7-8 (D. Me. 2004).

A single trial is usually more expedient and efficient. Accordingly, "bifurcation and separate trials are not the normal course of events …." 8 Moore's Federal Practice – Civil § 42-20[4][a] (online edition). The party seeking bifurcation has the burden of proving that judicial economy would be served and that no party would be prejudiced by separate trials. *Thorndike*, 220 F.R.D. at 8; *Cordero v. AT&T*, 190 F.R.D. 26, 29 (D.P.R. 1999); *Novopharm Ltd. v. Torpharm, Inc.*, 181 F.R.D. 308, 310 (E.D.N.C. 1998); *Fuji Mach. Mfg. Co. v. Hover-Davis, Inc.*, 982 F. Supp. 923, 924 (W.D.N.Y. 1997).

Daniele has failed to meet this burden for the following reasons.

A. Counts I, II and III Raise Overlapping Issues

Bifurcation is not appropriate where there are overlapping issues and the plaintiff would have to present the same evidence twice in separate trials. In such circumstances, judicial economy is furthered by a single trial. *Thorndike*, 220 F.R.D. at 7-8; *Apollo Computer*, 707 F. Supp. at 1433-44; *L-3 Communications Corp. v. OSI Sys.*, 418 F. Supp.2d 380, 382 (S.D.N.Y. 2005); *ABB Indus. Sys., Inc. v. Prime Tech., Inc.*, 32 F. Supp.2d 38, 43-44 (D. Conn. 1998).

The bifurcation requested by Daniele will result in the Consorzio's having to present the same evidence twice. Counts I, II and III of the Consorzio's Complaint are all based on the same facts. In Count I, the Consorzio alleged violations of the settlement agreement. In Counts II and III, based on the same facts, it alleged that Daniele's use of its marks in violation of the settlement agreement constitutes false designation of origin and infringement of the Consorzio's U.S. certification mark.

Daniele does not identify any issues that relate to Counts II and III but not to Count I. The closest it comes to identifying non-overlapping issues is its notion that Counts II and III are an effort by the Consorzio to re-litigate matters resolved in the settlement agreement. Mem. 3. This is demonstrably not so. The Complaint, including all three counts, is limited to Daniele's breaches of the settlement agreement. Neither Count II nor Count III alleges any additional fact that has to be proved at trial. Each alleges a separate legal conclusion, with the possibility of additional remedies, based on the same facts.

Daniele claims that, without bifurcation, there will be "a lot of time, money and judicial resources" spent in deciding discovery disputes relating to Counts II and III that would be unnecessary if there were bifurcation. Mem. 2-3. Daniele, however has not objected to a single discovery request on the ground that it relates to Count II or III and not Count I of the Complaint. The Consorzio (and the Court) therefore has to guess as to which, if any, requests Daniele is objecting to on this ground. Daniele has objected to two document requests on the ground that the requests are not relevant at this juncture -- requests 24 (seeking Daniele's prosciutto sales) and 38 (seeking Daniele's prosciutto prices). If one assumes that this is Daniele's way of saying that these requests relate to Counts II and III only, then Daniele has objected to a total of two out of 65 discovery requests on this ground, hardly a reason to stay discovery or bifurcate the case.

Moreover, contrary to Daniele's objection, even those requests are relevant to Count I. They relate to whether Daniele can show that its names on the prosciutto products had acquired trademark status by the time of the settlement agreement or were instead mere grade designations.

To prevail on liability on Counts II and III, the Consorzio will need to present the same evidence as will be required to prevail on liability on Count I. If it prevails on Count I, bifurcation will force it to present the same evidence again, in a second trial, resulting in a waste of the Court's and the parties' resources and delaying a full resolution of this case.

B. This Is Not a Complex Case

Bifurcation is not appropriate where the issues to be decided are not particularly complex because bifurcation will not expedite disposition of such an action. *Willemijn Houdstermaatschaapij BV v. Apollo Computer Inc.*, 707 F. Supp. 1429, 1435 (D. Del. 1989). The issues in this case are not particularly complex and the evidence is not particularly complicated. Presentation of the evidence will not be unduly time consuming or confusing. Daniele does not claim otherwise.

C. Bifurcation Will Prejudice the Consorzio

Bifurcation is not appropriate where the non-moving party will be prejudiced. *Fuji Mach.*, 982 F. Supp. at 924; *Apollo Computer*, 707 F. Supp. at 1433-34; *Spectra-Physics Lasers, Inc. v. Uniphase Corp.*, 144 F.R.D. 99, 101 (N.D. Cal. 1992).

Bifurcation will substantially prejudice the Consorzio. Although Daniele labels the proceeding on Count I as a "hearing," it in fact will be a jury trial. If the Consorzio wins the first trial, bifurcation will lead to two jury trials, with the empanelling of two juries, two sets of jury instructions and the additional time and expense associated with two jury trials. In the second trial, the Consorzio will need to present the same evidence again to educate a second jury from scratch so that they could render a verdict on Counts II and III. Notwithstanding the rules of issue preclusion, Daniele will have had the advantage of a "preview" of the Consorzio's case in the first trial in order to try to avoid liability for Counts II and III on which the potential remedies against Daniele are more severe than for a breach of contract under Count I. Multiple trials will inevitably cause delay in resolution of the case. *Uniphase Corp.*, 144 F.R.D. at 101.

In addition, bifurcation will increase the expense and time required for discovery. This is discussed in detail in § II below.

II. The Court Should Not Stay Discovery on Counts II and III

A stay of discovery on Counts II and III will produce no benefits and will only increase the time and cost of discovery. As discussed in § I.A, Daniele has failed to show how a stay of discovery on Counts II and III will streamline discovery on Count I. In contrast, a stay will inevitably lead to unnecessary and wasteful discovery disputes about which of the Consorzio's requests relate only to Counts II and III. Moreover, if the Court stays discovery, the Consorzio will be required to depose the same witnesses two different times -- once for Count I and again for Counts II and III. For the same reason, the Consorzio will need to produce its witnesses twice if Daniele proceeds with depositions first on Count I and then on Counts II and III.

CONCLUSION

Defendant's motion to stay should be denied. The Court should not bifurcate Count I from Counts II and III and should not stay discovery on Counts II and III. The case should proceed with discovery and trial on all counts of the Consorzio's complaint.

/s/ Matthew F. Medeiros
Matthew F. Medeiros (#1856)
LITTLE MEDEIROS KINDER BULMAN
& WHITNEY, P.C.
72 Pine Street
Providence, Rhode Island 02903
401-272-8080
401-521-3555 Fax
mfm@lmkbw.com

/s/ Michael H. Selter
Michael H. Selter (pro hac vice)
Stuart E. Benson (pro hac vice)
Manelli Denison & Selter PLLC
Suite 2000 M Street, N.W., Suite 700
Washington, D.C. 20036
Tel. 202-261-1000
Fax 202-887-0336

Dated: February 7, 2008

Counsel for Plaintiff/
Counterclaim Defendant

CERTIFICATION

I hereby certify that on February 7, 2008, a copy of the foregoing Plaintiff's Objection to Defendant's Amended Motion to Stay Discovery was filed electronically. Notice of this filing will be sent by e-mail to all parties by operation of the Court's electronic filing system, or by e-mail or to anyone unable to accept electronic filing as indicated on the Notice of Electronic Filing. Parties may access this filing through the Court's CM/ECF System.

Girard R. Visconti, Esquire — Grv@viscontilaw.com
Jessica L. Papazian-Ross, Esquire — Jlpr@viscontilaw.com

/s/ Matthew F. Medeiros

F:\MFM\Consorzio\Consorzio2\MEMO OF LAW 020608.doc